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To Minister of Neg
Italy

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October 2, 1947

SUMMARY MINUTES

Eighth Meeting in Negotiations Between the United States and Italian Delegations for a Treaty of Friendship. Commerce and Navigation

(P)

Approved

DECLASSIFICATION DATE 10/23/79
PER J Blodgett OFFICE CDC
FADRC FOI CASE NO. 7902979

Participants:

For the United States: Messrs. Walmsley, Ainsworth, Setser.

For Italy: Mr. Lombardo, President; Messrs. Simonis, De Rossi, Sorrentino, Ferrero, La Rosa, Ippolito, Sensi, De Vera, Iannelli, Cattani, Vassallo, Benedetti, Maresca.

Article V

With respect to the construction to be placed upon the word "prompt" in the phrase "prompt payment of just and effective compensation" in Article V, paragraph 2, the American negotiators stated that they had been authorized to record in the minutes the following statement:

The word prompt, as used in this paragraph, is not intended necessarily to mean instantaneous; but it is intended to obligate the governments that subscribe to the rule to prosecute diligently such orderly and non-dilatory procedures as may be established reasonably to assure correct compensation and safeguard all interests concerned.

The Italian negotiators stated that they considered this statement acceptable.

Referring to previous discussions of the subject of making foreign exchange available for the withdrawal of the compensation for expropriated property, the Italian delegation submitted a copy of the Italian agreement with Czechoslovakia of July 2, 1947, pointing out that in this agreement a distinction was made in arrangements for transfers, between investments in lire and investments in Czechoslovak currency.

The American negotiators stated then that they would wish to inquire into the types of investments which would be transferable under a rule distinguishing between lire and dollar investments. The Italian delegation agreed to

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agreed to obtain a statement on this subject from the Foreign Exchange Office for the use of the American negotiators.

The Italian delegation stated that it would not be able to resume discussion of the subject of withdrawals of compensation for expropriated property until it had had an opportunity for further study of the matter.

Article VII

The American negotiators stated that they had been authorized to submit the following redraft of Article VII, paragraph 1, for consideration by the Italian delegation as a substitute for the version in the draft treaty:

> The nationals, corporations and associations of either High Contracting Party shall be permitted to acquire, own and dispose of real and other immovable property or interests therein within the territories of the other High Contracting Party upon the following terms:
>
> (A) In the case of nationals, corporations and associations of the Italian Republic, the right to acquire, own and dispose of such property and interests shall be dependent upon the laws and regulations which are or may hereafter be in force within the state, territory or possession of the United States of America wherein such property or interests are situated; and
>
> (B) In the case of nationals, corporations and associations of the United States of America, treatment with respect to the acquisition, ownership and disposition of such property and interests shall be no less favorable than that accorded to nationals, corporations and associations of the Italian Republic, except that the Italian Republic shall not be obligated to accord to any national, corporation or association of the United States of America treatment more favorable than that now or hereafter accorded by the state, territory or possession of the United States of America in which such national is domiciled or under the laws of which such corporation or association is created or organized, to nationals, corporations and associations of the Italian Republic.

The Italian negotiators said that this version was an improvement over that previously discussed, but that they believed that further improvements were possible. It was agreed that they should prepare a draft for consideration at a later meeting.

Article XI

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Article XI

In informal discussion of the previous Italian proposal that Paragraph 1 end with a reference to the constitutions of the two countries, the Italian negotiators stated that it was their intent, in making the proposal, that religious liberty should be enjoyed in the United States according to the provisions of the United States Constitution and in Italy according to the provisions of the Italian Constitution. The American negotiators inquired whether it would not be desirable, in case the formula should be found acceptable, to specify that the rights accorded should be governed by the existing constitutional provisions, rather than imply that the rights might be affected by future constitutional changes. The Italian negotiators were of the opinion that some such provision would be acceptable to them.

It was agreed that the provisions of this paragraph should be further considered at a later date.

Article XXIV

With respect to the exception that the Italian delegation had proposed to be included in Paragraph 3 (d) regarding the agreements with the Holy See with respect to the State of Vatican City, the Americans inquired as to whether the reference should be to the advantages accorded to the Holy See for the State of Vatican City or to the advantages accorded to the State of Vatican City. After some discussion, the Italian delegation stated that it wished to have the initial clause in Paragraph 3 (d) read as follows:

> (d) advantages now or hereafter accorded by the Italian Republic to San Marino, the Free Territory of Trieste, and the State of Vatican City.

The Italian negotiators added, however, that they would propose an exchange of notes containing a full interpretation of the exception, with reference to the agreements between Italy and the Holy See and the State of Vatican City, in order that there should be no question as to the matters intended to be covered. The American negotiators inquired whether this interpretation could not be included in the minutes of the negotiation. It was agreed that the question of the form that the proposed interpretation should take should be discussed at a later meeting.

Article XXIV

The American negotiators referred to the proposal which the Italian delegation had previously made that a provision be inserted in this article excepting from the rule of most-favored-nation treatment favors which Italy might grant to Italian Colonies, or areas

placed

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placed under Italian administration or trusteeship by international agreement. They stated that they would like to request the Italian delegation to reconsider this proposal with a view to determining whether any good purpose would be served by pressing for its inclusion in the present treaty. They pointed out that the inclusion of such a provision would not establish any right for Italy with regard to the colonies, and that omission of the provision would in no way prejudice Italy's case with regard to the colonies. For the United States, they said, there are so many international issues related to this problem, that the necessary consideration of the Italian proposal would, in all likelihood, result in a very great delay in the conclusion of the commercial treaty. They stated that there would be many other occasions when the proposal regarding preferential arrangements with the colonies could be considered. They referred to the fact that the colonial question was to be considered by the Deputy Foreign Ministers of the Four Powers, that the establishment of trust territories, if that were decided upon, would require action by various organs of the United Nations. The principal advantages Italy would wish to grant to the colonies, they said, would doubtless be in the commercial field and conventional rules regarding trade preferences were now being considered on a multilateral basis in connection with the establishment of an International Trade Organization.

The Italian negotiators stated that the inclusion of the exception would in no way prejudice international action with regard to the African colonies, and that, in case the colonies were restored, Italy would be unable without such a provision in the treaty to grant concessions to the colonies without also granting them, under the most-favored-nation rule, to the United States. They stated also, however, that they would give further consideration to their proposal, and make it a subject for discussion at a later meeting.